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March 30, 1992

Pe[illegible]x Investments

The Newspaper of Corporate and Institutional Investing

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Chrysler pension fund gets hit

Contribution down, liability up

By Curtis Vosti

HIGHLAND PARK, Mich. — Chrysler Corp. cut its pension contribution 58% in 1991 and increased its unfunded pension liability 21%, symptoms of continued belt-tightening in the chronically troubled auto industry.

Financially strapped Chrysler, which contributed $327 million to its pension fund in 1991, said in its annual 10(k) report it will contribute at least the legal-mandated minimum of $51 million in 1992 "to preserve liquidity."

If it limits the 1992 contribution to the minimum, the company said its minimum payment to its $5.8 billion pension fund would jump to $635 million in 1993, and to between $850 million and $950 million per year from 1994 through 1998. Chrysler contributed $776 million to its pension fund in 1990 and $781 million in 1989.

Some $300 million — or 92% — of the $327 million 1991 contribution was in the form of 23 million shares of a new class of Chrysler common stock, part of an August 1991 offering, said Tom Houston, a Chrysler spokesman.

The 10(k), filed with the Securities and Exchange Commission, also showed Chrysler cut the pension fund's discount rate in line with the drop in interest rates, resulting in a 21% increase in its unfunded liability to $4.4 billion.

The company said in the 10(k) it will implement an additional $750 million in operational budget cuts in 1992 on top of $3 billion in cuts enacted since 1989. Most of the cuts will come from elimination of an unspecified number of salaried jobs, administrative costs and a reduction in capital spending. Chrysler reported a pre-tax loss of $810 million in 1991.

In the report, the company said its unfunded liabilities, on a projected benefit obligation basis, increased $770 million from $3.62 billion a year earlier. The hike was caused primarily by lowering the discount rate to 8.5% from 9.65% a year earlier, the company said.

The discount rate is used to determine the present value of future liabilities; lowering the discount rate would increase the cost of the liabilities.

Mr. Houston said he is not aware of any further changes in pension fund actuarial calculations.

Mr. Houston said the company expects the rise in the unfunded liability would raise its premium payments to the Pension Benefit Guaranty Corp. But he said the payment is only computed on demand from the PBGC, and Chrysler would not disclose the amount of its past payments.

A spokeswoman for the PBGC wouldn't provide any information on Chrysler's premium payments. She would say only that if Chrysler pays less than the $72 per participant maximum premium payment in one of its funds, and the unfunded liabilities rise in that fund, Chrysler's premium payments would increase.

Chrysler also said its 1992 operations could be affected adversely

See **Chrysler** *on page 26*

Alabama Sen. Howell Heflin is co-sponsoring the bankruptcy reform bill.

Bill gives boost to PBGC as creditor

By Hillary Durgin

WASHINGTON — The PBGC could secure a seat — but at the far end of the table — on creditors' committees under bankruptcy reform legislation pending in the Senate.

The legislation (the National Bankruptcy Review Commission Act, S-1985) underscores the escalating competition between the Pension Benefit Guaranty Corp. and retirees seeking health benefits, often the two largest creditors in Chapter 11 bankruptcy proceedings.

The bill gives the PBGC a seat on the creditors' committee. But an amendment would strengthen considerably the standing of retiree health claims, which already are considered to have priority status in bankruptcy proceedings.

The amendment would "kick (the PBGC) down the stairs," said Peter Christensen, an independent benefits consultant based in New York.

S-1985, the Senate's bankruptcy reform bill was passed unanimously by the Senate Judiciary Committee and is expected to reach the Senate floor within a week. The bill, which could become law before year end, was introduced in the fall by Sen. Howell T. Heflin, D-Ala., and Sen. Charles E. Grassley, R-Iowa.

Meanwhile, the PBGC still has a glimmer of hope that far more significant changes it seeks could be achieved. Its

See **PBGC** *on page 29*

AT DEADLINE

Avatar exec dies in crash

Thomas C. Mikuda, vice president-client services at Avatar Associates, was among those killed in last week's USAir crash in New York. He is survived by his pregnant wife and 2-year-old child.

Mr. Mikuda had worked at Avatar for six years and was "an integral part of a small, collegial environment. . . . His day-to-day contribution will be terribly missed," according to William Brennan, vice president-client services.

Trustees sued on annuities

The Labor Department filed suit against trustees of a pension plan sponsored by BMC Industries, charging they improperly selected and purchased group annuity contracts.

The contracts were purchased in 1986 for $2.5 million from Executive Life Insurance Co. of California following termination of a Camelot Industries Corp. plan. BMC received a reversion of more than $730,000.

Michael Hawks, corporate controller at BMC, said company executives "believe that we performed all of our obligations under ERISA," noting Executive Life had an A rating at the time of the annuity purchase. "We don't believe there's any basis for the complaint by the government."

Continued on page 29

INSIDE

Travelers Insurance Co.'s complaints about a story prompt *Pensions & Investments* to re-examine the story's news value, accuracy and fairness. Editor Michael Clowes' response is on Page 10.

Stand by your candidate

Money managers' donations revealed

By Hillary Durgin

WASHINGTON — John F. Hotchkis, John H. Hobbs and Martin T. Sosnoff are big spenders in 1992 election campaigns, an informal *Pensions & Investments* survey of money managers' individual contributions shows.

Mr. Hotchkis, general partner of Hotchkis and Wiley, Los Angeles, gave $33,000, all but $2,000 of that to national Republican committees. Mr. Hobbs, president of Jennison Associates Capital Corp., New York, gave $28,000, including contributions to eight different Senate candidates and Bob Kerrey's presidential primary campaign.

Mr. Sosnoff, chairman and chief executive officer of Atalanta/Sosnoff Capital Corp., New York, spent $24,000, all on Democratic Senate races, including $20,000 to the Democratic Senatorial Campaign Committee.

These three were identified by *P&I* as the heaviest hitters through a non-scientific sampling of money management executives' contributions reported to the Federal Election Commission as of Jan. 31 for presidential campaigns and Dec. 31 for congressional campaigns, the latest data available.

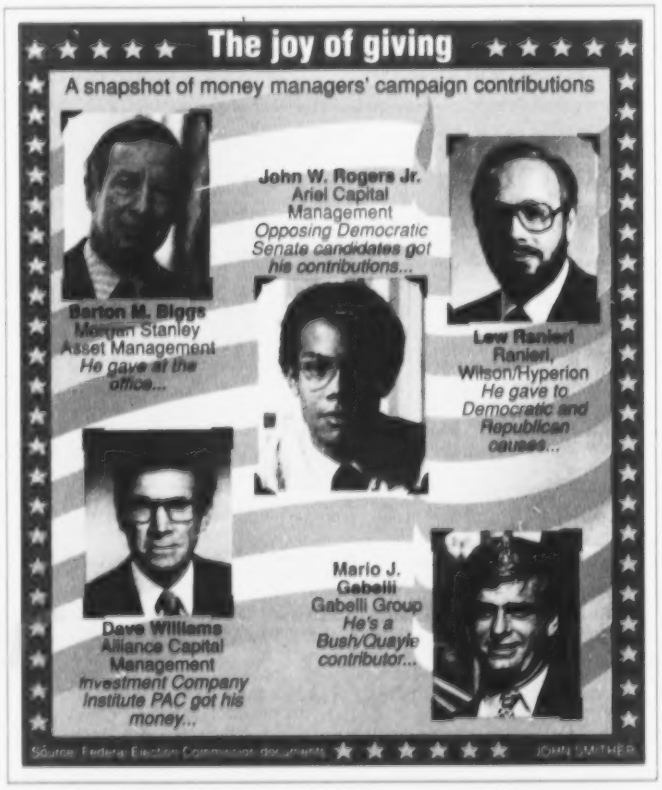
P&I searched FEC documents for records of individual contributions made by about 50 well-known money managers. About half were listed as having made contributions.

Of their more than $161,000 contributed, 52.5% was given to Democrats and almost 33% to Republicans. The remaining assets were given to political action committees or candidates whose party affiliations could not be learned by press time.

Only $10,000 was bet on specific presidential candidates, with $6,500 backing the Bush-Quayle effort, $1,500 on Democratic front-runner Bill Clinton and $2,000 to the now-defunct campaign of Sen. Kerrey.

Bush-Quayle backers included Mario Gabelli, founder of the Gabelli Group; J. Parker Hall III, president of Lincoln Capital Management; Charles Miller, president of Criterion Investment Management Co.; John W. Rogers Jr., president of Ariel Capital Management Inc.; Fayez Sarofim, president of Fayez Sarofim & Co.; and Stephen H. Weiss, managing

See **Politics** *on page 31*


The joy of giving
A snapshot of money managers' campaign contributions
John W. Rogers Jr.
Ariel Capital Management
Opposing Democratic Senate candidates got his contributions...
Barton M. Biggs
Morgan Stanley Asset Management
He gave at the office...
Lew Ranieri
Ranieri, Wilson/Hyperion
He gave to Democratic and Republican causes...
Dave Williams
Alliance Capital Management
Investment Company Institute PAC got his money...
Mario J. Gabelli
Gabelli Group
He's a Bush/Quayle contributor...
Source: Federal Election Commission documents
JOHN SMITHER

NEWS DIGEST

General Dynamics, maker of the Tomahawk missile, faces a proxy resolution from the New York City Employees' Retirement System. Page 16.

SPECIAL REPORT: 1992 PROXY PREVIEW

"Quiet diplomacy" may be losing its appeal as a tactic for activist shareholders. Page 16.

Socially oriented proxy resolutions are down, but certainly not out. Page 16.

FINANCING

A $25 million cash infusion from the Connecticut state pension fund wasn't enough to keep Colt's Manufacturing out of Chapter 11. Page 2.

INTERNATIONAL

Revising Brazil's corporate-sponsored pension system — the largest in Latin America — is the subject of heated debate. Page 21.

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Connecticut's deal a bust

Fund owned 47% of bankrupt Colt's Manufacturing

By Anne Schwimmer

HARTFORD, Conn. — The State of Connecticut Trust Funds' first and only in-state investment under a 3-year-old program may be all but wiped out because Colt's Manufacturing Co. has filed for bankruptcy.

The $10 billion state pension fund paid $25 million for a 47% stake in Colt's in 1990. The company filed for protection from creditors under Chapter 11 of the U.S. Bankruptcy Code March 19.

In a bankruptcy, equity holders typically are at the bottom of the group of creditors seeking restitution. Often, senior lenders such as banks are granted equity control of the company as compensation for their losses, while original equity holders get nothing.

State officials — including Frank McDermott, assistant treasurer-investments, and aides to Treasurer Francisco L. Borges — would not talk about the pension fund's investment in Colt's. Mr. Borges, in a written statement, said the Chapter 11 filing would not "undermine the underlying soundness of the overall pension funds," meaning $25 million doesn't make or break a $10 billion pension fund. He would not return telephone calls.

Mr. Borges' statement also said the fund took no role in the day-to-day operations of Colt "despite our best efforts in saving the company from demise or dismantling two years ago by virtue of our investment." But as part of the terms of the deal, the fund was awarded two seats on Colt's board and had a say in the selection of two outside directors (*Pensions & Investments*, April 2, 1990).

The Connecticut pension fund was one of three institutions with a stake in the small-arms maker. The others are Edinburgh-based Ivory & Sime PLC and Britain's County NatWest Bank. Ivory & Sime and County NatWest put in $10 million total for a 25% stake. Striking union workers got a 12% stake through the deal. The remaining equity is held by other employees and a few private investors.

Despite Connecticut's experience with Colt's, pension officials plan to proceed with their in-state investing program, Connecticut Programs Fund.

Fund officials and their consultant, Pension Consulting Alliance, Los Angeles, are in the process of choosing a group of money managers to specialize in funding economic development projects and affordable housing in Connecticut, said Mr. McDermott, who is chief investment officer for the pension fund. Up to 3% of the pension fund's assets will go to these managers, he added.

"These would be people who get involved with venture capital and (fixed-income) private placements," Mr. McDermott said.

"We hope to be making our . . . investments in that program in June," Mr. McDermott said. ■

Northrop eases FAS 106 pain

Tax credits offset $94 million hit

By Fred Williams

LOS ANGELES — Northrop Corp. offset most of its $437 million retiree health liability in 1991 and avoided a major drop in net income.

Northrop, a Los Angeles-based aerospace defense contractor, got a boost by making use of financial techniques that analysts say are unlikely to benefit most other defense contractors. It used research and experimentation tax credits to offset the drop in net income resulting from early adoption of two Financial Accounting Standards Board rules — FAS 106, which requires accrual accounting for retiree medical benefits, and FAS 109, which allows companies to anticipate the value of future tax deductions that relate to liabilities already on their books.

The net after-tax effect of the adoption of FAS 106 and FAS 109 reduced Northrop's 1991 net income by $94 million, or $1.99 per share. But the $90 million tax credit, amounting to $1.91 per share, nearly eliminated that income drop. The tax credits were discovered during an internal tax credit study last year.

Northrop built up tax credits by heavily investing company money in the development of the endangered $17 billion B-2 bomber program. Most defense contractors don't invest significant amounts of their own cash in defense projects, and so do not earn the same tax credits as Northrop did.

In addition, the company's $437 million accumulated post-retirement medical liability was partially offset by $292 million held primarily in a 501(c)(9) voluntary employees beneficiary association trust, leaving a net unfunded obligation of only $145 million.

Net income for 1991 was $200.8 million compared with $210.4 million in 1990.

Defense analysts and company officials say Northrop would have had to write off the entire $437 million had the company not been able to apply the offsetting tax credits and had it not been prefunding for retiree medical benefits since 1980.

Paul Nesbit, defense industry analyst at Prudential Securities Inc., New York, said he doubts other defense contractors "will be quite so fortunate in making all these things come together."

He said McDonnell Douglas Corp., St. Louis, has a FAS 106

See **Northrop** *on page 29*

Pension players escape check flap

By Curtis Vosti

WASHINGTON — Fallout from the congressional check-kiting brouhaha isn't expected to leave much debris on pension legislation.

The controversy — some say scandal — about members of the House of Representatives being allowed, without penalty, to overdraft their accounts with the House Bank is expected to affect the re-election chances of some of the worst offenders.

The issue is credited with the March 17 primary defeat of Rep. Charles Hayes, D-Ill., who wrote 716 bad checks between July 1, 1988, and Oct. 3, 1991.

But, pension observers say, it seems few of the active players in pension legislation are caught up in the controversy and they doubt it will have any impact on the ability of members to pass pension legislation.

According to a list published in Newsweek of 143 lawmakers who admitted to overdrafts, perhaps the most noticeable name to industry observers would be Rep. Marge Roukema of New Jersey, the ranking Republican on the Labor and Management Subcommittee of the House Education and Labor Committee. Rep. Roukema has admitted to two overdrafts.

Secretary of Labor Lynn Martin wrote 16 bad checks during the July 1988 to October 1991 timeframe while serving as a Republican representative from Illinois.

Other names of interest include California Democrats Robert Matsui and Pete Stark and Rep. Nancy Johnson, R.-Conn. Rep. Matsui, who wrote 21 bad checks, and Pete Stark, with 17 overdrafts, both have been involved in pension issues in the past. Rep. Stark also is active in the health care field, as is Ms. Johnson, a member of the House Ways and Means subcommittee on health who had just one overdraft. ■

AP/WIDE WORLD PHOTOS

Labor Secretary Lynn Martin wrote 16 bad checks while in the House of Representatives.

Waters joins *P&I* staff

Pensions & Investments has added a staff member in the Chicago office.

Karen Waters joined *P&I* March 2 as directory coordinator, replacing Christine Philip who has become a staff reporter.

K. Waters

Ms. Waters formerly was an editorial assistant at Morningstar, a Chicago-based financial publishing company. She is a graduate of the University of Illinois at Chicago, with a degree in mass communications.

Ms. Philip, who joined *P&I* in 1988, will be a general assignment reporter in the Chicago office. She previously worked for the Yankee Group, a telecommunications/computer research analysis firm, and provided proprietary market research studies and information services to Fortune 100 and 500 clients.

She received her bachelor's degree in English literature and creative writing from Knox College, and the University of Durham, England. She has done graduate-level work at Pennsylvania State University. ■

MONEY MANAGERS

Orleans Capital executives are off to a quick start

■ In only five months, Robert Rust and four associates accomplished what takes some money managers years or even decades to do.

Since Mr. Rust and the others left their senior investment posts at Hibernia National Bank, New Orleans, to start Orleans Capital Management Nov. 1, the firm has gained more than $500 million in assets under management.

That Orleans attracted so much business in such a short time indicates how valuable the group was to Hibernia clients — most of the Orleans assets followed the group from Hibernia.

Of the $500 million, said Mr. Rust, $400 million is in fixed income and $100 million is in equities.

"We've had very good numbers and our clients have seen that and some have decided to come with us," said Mr. Rust.

The firm's equity style is as a core manager with a growth tilt, while the fixed-income approach is active using sector and yield curve analysis.

Orleans' Joseph Casper, left, Louis Crane, Robert Rust, Rodney Abele and Janet Rabalais have gained $500 million in five months.

Hibernia reportedly has lost more than $900 million in managed assets since Mr. Rust left as chief investment officer.

— *Fred Williams*

INTERNATIONAL

Mexico passes private pension law

■ Mexico's Congress has passed legislation — effective May 1 — creating Mexico's first mandatory corporate pension system.

The new defined contribution program, approved in February and called the Retirement Savings System, requires employers to contribute bimonthly 2% of employees' monthly integrated salary (wages plus amounts accrued for allowable days off), up to a cap of 25 times the minimum wage. Currently, the minimum wage is about $130 per month, according to Segundo Tascon, manager in the Mexico City office of The Wyatt Co.

In the new program, he said, employers will make contributions to any private bank, and that bank will either transfer the assets to Mexico's central bank or to another investment program, such as a mutual fund, of the employee's choice. If employees leave the money within the central bank, they will be guaranteed a real return of 2%, adjusted for changes in the Consumer Price Index.

Employees will be able to make voluntary contributions to this bank account.

By year end, the pension system is expected to produce about 10 million new bank accounts in Mexico, representing an accumulated $800 million, said the Mexican Investment Board, a joint venture between the Mexican government and a group of Mexican financial institutions. By 2000, some 14 million new accounts will have been opened, representing $9.3 billion, the board estimates.

— *Margaret Price*

BENEFITS

Most firms fund executive plans

■ A majority of sponsors offering non-qualified retirement plans fund the plans rather than operate on a pay-as-you-go basis.

According to a new study by A. Foster Higgins & Co. Inc., New York, 53% of sponsors that offer supplemental executive retirement benefits now fund the plans. The most popular form of funding, corporate-owned life insurance, is being used by 54% of the respondents. Rabbi trusts are used by 43%, and secular trusts, by 3%.

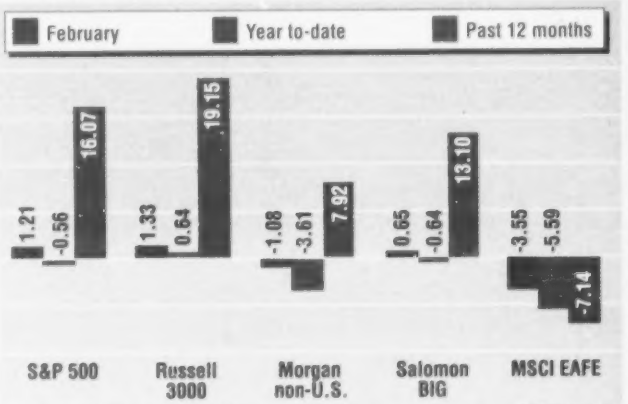
Among companies now using a pay-as-you-go system, 32% are considering adding a funding method. Of those considering funding, or changing their funding method, rabbi trusts are preferred over COLI, 62% to 56%. Twenty-six percent are considering secular trusts, indicating a growing interest in the approach.

Foster Higgins received 237 responses to the survey questionnaire, distributed in July 1991, of which 136 offered non-qualified retirement plan benefits.

— *Elizabeth Karier*

Pensions & Investments' indexes

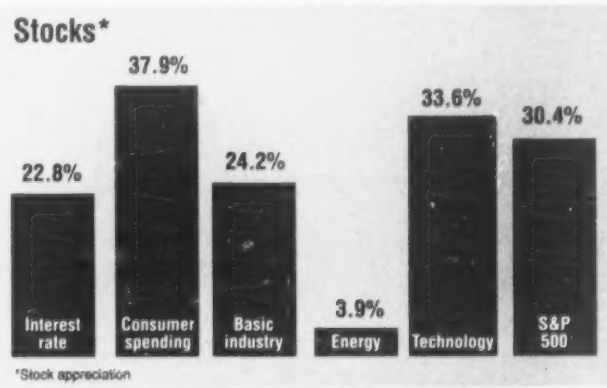
The P&I monthly indexes track changes in the Standard & Poor's 500 Stock Index, Frank Russell Co.'s Russell 3000 Stock Index, the J.P. Morgan non-U.S. Government Bond Index, the Salomon Brothers Broad Investment Grade Bond Index and the Morgan Stanley Capital International Europe Australia Far East Index.

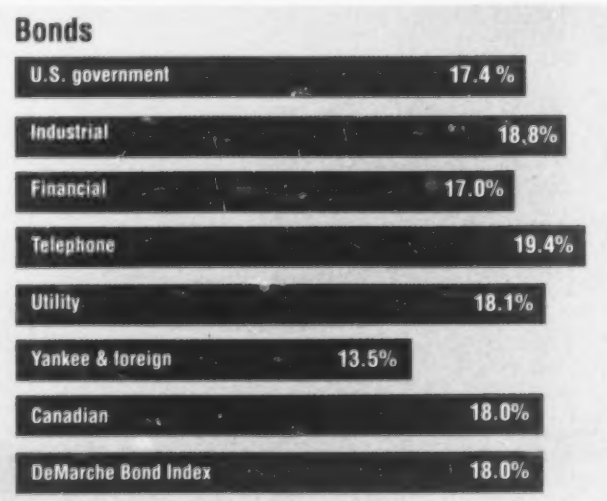


Source: Rogers, Casey & Associates and Frank Russell Co. KIMBERLY MART

Performance by economic sectors

(For year ended Dec. 31)





Source: DeMarche Associates Inc., Kansas City, Mo. KIMBERLY MART

CASH MANAGEMENT

Advisers' returns drop at end of '91

■ Short-term investment managers ended 1991 with rates of return only slightly higher than passbook savings accounts as returns slumped to levels not seen for decades.

The median three-month rate of return for managers in the Yanni Bilkey CA$H statistical data base dropped to 5.43% as of Dec. 31, from 8.12% at the end of 1990.

The drop in short-term yields followed the yearlong decline in interest rates and tracked closely the drop in 90-day Treasury bill yields from 7.13% at the end of 1990 to 4.62% at the end of 1991.

Bob Beck, vice president of institutional products at Yanni Bilkey Investment Consulting, Pittsburgh, said short-term managers boosted the average maturity of their portfolios slightly to 48 days at year end from 44 days at the end of 1990 in an effort to boost yields as interest rates dropped.

Domestic commercial paper continued to make up the bulk of short-term portfolios at 39%, down from 47% a year earlier. Managers shifted some assets into higher quality instruments such as repurchase agreements, governments and agency securities. Repos made up 10% of the average portfolio, up from 7%; agencies, 7% from 6%; and government securities, 11% from 7%.

The Yanni Bilkey universe consists of 130 short-term asset managers with total assets of $200 billion.

— *Fred Williams*

PROXIES

Nichols decides to hang shingle

■ Pension plan executives now have another source for proxy voting research and advice.

Investors' Fiduciary Services Inc., Atlanta, is offering proxy management to sponsors. The firm also will provide administrative services in handling proxy votes and various audits for internal review and compliance with Department of Labor and Employee Retirement Income Security Act requirements.

The firm, a joint effort between Camille Nichols and Plexus Group, Santa Monica, Calif., has signed three clients, and has 22 contracts pending. Ms. Nichols was investment policy coordinator and manager of corporate affairs for the Florida State Board of Administration until late 1988, when she left to set up the proxy analysis and voting system for Faulk & Co., New York.

"What I set out to do was create what I couldn't buy as a voter," Ms. Nichols said.

"Our analysis service is similar to what I developed at Faulk," she added, noting that service was based on the system she had devised for the Florida State Board. "What I have done is carried forward those systems and ideas I didn't have time or opportunity to do before."

"What makes us different is our research orientation, which goes beyond anything else available. We put our whole emphasis on research. . . . We're the only company that has someone who was a voter — we can get inside the head of the sponsor."

— *Elizabeth Karier*

Camille Nichols stresses research at her new proxy firm.

The Directory of Investment Advisers

Publishing: May 18th Advertising Closing: April 20th

On May 18th, *Pensions & Investments* publishes the annual Directory of Investment Advisers—a guide to the most powerful investors in America.

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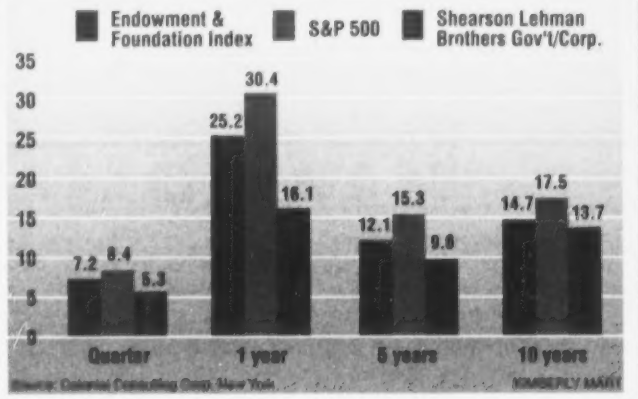
Endowment & Foundation Index

(Returns for periods ended Dec. 31)



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PUBLIC FUNDS

ICMA to broaden services offered

■ The ICMA Retirement Corp., which oversees the investment of the $2.4 billion ICMA Retirement Trust, is launching investment management services for public sector defined benefit plans.

Cynthia Hargadon, chief investment officer and vice president, was promoted to senior vice president, reflecting her expanding role in the new program.

The ICMA Retirement Corp., similar in structure to The Common Fund, manages the assets of municipal, county and institutional utility (transit authorities and water districts for example) retirement plans in participant-directed accounts.

ICMA Retirement manages $1.7 billion internally in two guaranteed investment contract funds, and selects and monitors the 12 outside managers that run the assets in seven funds.

The staff has grown in size, to 16 from two people in 1987, and in sophistication, said Ms. Hargadon, who joined the unit in 1987 as director of investments.

With the acquired expertise, she expects more assets to be managed internally in the future. The expertise also will allow the firm to manage the assets of public sector defined benefit plans of less than $100 million through its new investment services unit.

— Sabine Schramm

INTERNATIONAL

Irish bank drops pension business

■ ICC, Ireland's state-owned merchant bank, is pulling out of the pension fund management business.

ICC, Dublin, entered the pension market in 1986. It managed only about $85 million (U.S.) for about 200 clients, vs. about $8.5 billion for Irish Life PLC and a market of almost $28 billion.

For the year ended Sept. 1, ICC's First Pension Fund returned −1.23% and its National Mutual Fund gained 0.31%, vs. a 10% average return for other Irish funds.

Getting rid of its embarrassing pension fund management business probably is wise — the Irish government is trying to sell ICC for about $110 million (U.S.), and there have been no takers.

— Aidan O'Sullivan

INTERNATIONAL

Czech program a hit with investors

■ The massive privatization program under way in Czechoslovakia has drawn 8 million investors, staggering officials orchestrating the sell-off of former state-run enterprises.

Investors are being lured by the 10-fold return within a year touted by investment funds and the state, and this has drawn crowds outside the offices of private investment funds. About two-thirds of the population is purchasing vouchers, whereas only a few months ago the prediction was that the citizens of this country, so long used to Communism, would not really understand the program.

Czechoslovakia is selling off a massive $8 billion worth of state enterprises. So far, the sale has been in the form of vouchers, which will become shares once the selling process is completed. There will be bidding for shares that should be completed by the end of March for some companies.

The investment firms will use the vouchers to bid and convert vouchers for shares. This should be completed by March for some companies.

The government is to sell off one-half the state enterprises by this summer.

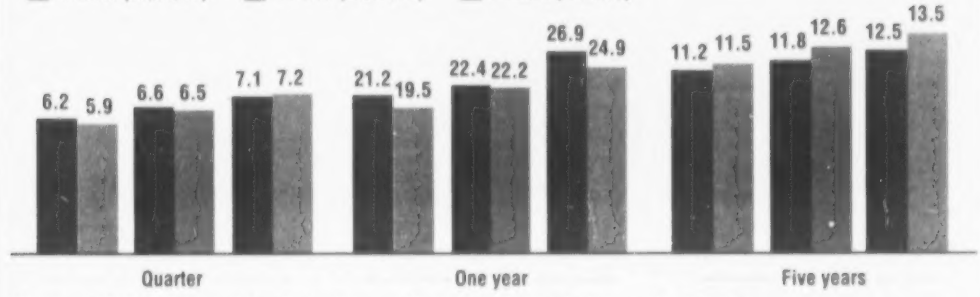
The process has spawned instruments unthinkable in this country only a few years ago. Some 450 private investment funds have mushroomed, offering to invest the vouchers.

The sell-off pace could slow, however, because some snags — such as entangled restitution claims — are arising with some state enterprises.

— Aidan O'Sullivan

GRID balanced universes

(Median percentage returns, periods ended Dec. 31)



*Percentage of S&P 500, Shearson Lehman Brothers Government Corporate and Treasury bill indexes used for this market.
Source: Yanni-Bilkey Investment Consulting, Pittsburgh

KIMBERLY MART

ASSOCIATIONS

Klein takes over at pension group

■ James Klein, deputy executive director at the Association of Private Pension and Welfare Plans, takes over the helm of the association today, succeeding Howard C. Weizmann.

J. Klein

"I think everything will proceed apace without skipping a beat," said Mr. Klein, who joined the APPWP in June 1988 after stints as a lobbyist and a congressional staffer.

Mr. Weizmann, executive director of the APPWP since January 1988, left to become vice president of Aetna Life & Casualty Co.'s Hartford, Conn.-based benefits consulting unit, which provides advice on pension and health issues to Aetna clients.

Mr. Weizmann, who had been benefits manager for Sun Co. Inc., Philadelphia, said he wanted to return to being a benefits professional. "The longer I stay here, I become identified as an association person," he said.

The APPWP is a trade association representing about 430 employers, insurance companies, benefits consultants and other service providers.

— Joel Chernoff

PEOPLE

Corporate funds get new execs for investments

■ American Greetings Corp., Cleveland, and Inland Steel Industries Inc., Chicago, both have new executives overseeing the pension funds.

Dale A. Cable is the new treasurer of American Greetings Corp., and is in charge of the firm's $240 million pension fund.

Annette M. Steinberg is the new manager of pensions and investments at Inland Steel Industries' $2.076 billion pension fund. Ms. Steinberg, previously in the financial accounting department, succeeds Mike Ripey, who has moved to another department at the company.

D. Cable

At American Greetings, Mr. Cable also handles banking, investment, cash management, credit and collection and payroll. He succeeds Eugene Scherry, who retired.

Mr. Cable had been corporate treasurer and assistant secretary for The Standard Products Co., Cleveland. Standard Products has not yet decided on a replacement for Mr. Cable.

— Sabine Schramm

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Mr. Nice Guy rides into the sunset

Funds dropping the quiet approach

By Joel Chernoff

The California Public Employees' Retirement System's decision to release the names of the 12 companies it has targeted for corporate governance changes means the days of "quiet diplomacy" might be numbered.

Quiet diplomacy was heralded as a major evolution in the ways public funds deal with corporate management, but California fund officials now are not so sure.

"The kindler, gentler approach" has not "proved as effective" as the more public route the fund has employed in the past, said Richard Koppes, general counsel for the $67 billion fund.

The California fund's decision to release its list also set the stage for what many were perceiving as a lackluster proxy season. The action "will surely make people take a look at those companies," said Robert Pozen, managing director and general counsel for FMR Corp., Boston. The least responsive companies on the list, according to the fund: Dial Corp., Polaroid Corp. and Control Data Corp.

While still early, some key proxy season issues and votes involving corporate governance are taking shape:

- Executive compensation is the No. 1 issue this season, as it will be the first time shareholder proposals dealing with executive pay have been allowed on the proxy by the Securities and Exchange Commission. While the SEC gave the green light to 10 proposals (one for Grumman Corp. since has been dropped), numerous others might surface before the season is over.

Which ones receive significant support is another question. Experts said institutional investors are likely to support proposals that address the structure of compensation and disclosure of pay but will oppose measures designed to restrict executive pay, such as those sponsored at Baltimore Gas & Electric Co. and Bell Atlantic Corp.

- Stock-option plans, which require shareholder approval, will receive greater scrutiny as institutional investors examine how large a portion of executive pay they comprise, whether they dilute outstanding stock greatly, and whether the exercise price is set below market.

Travelers Corp. Chairman and Chief Executive Officer Edward H. Budd wrote Institutional Shareholder Services Inc. March 18 that the company will comply with the proxy-advisory firm's guidelines of making sure restricted stock is limited to 3% of fully diluted shares.

- Withholding of votes by institutions is expected to rise at poorly performing companies whose policies irk shareholders. ITT Corp. revamped its pay package for Chairman Rand Araskog last year after the California employees' and teachers' funds with-

See **Quiet** *on page 17*

General Dynamics, a defense contractor, is being targeted by the New York City fund over the issue of independent directors.

Social issues won't be swept out

By Anne Schwimmer

Pressure to abide by the MacBride Principles proved too much for TRW Inc.

Challenged by activist shareholders who wanted TRW to adhere to the principles, the company sold off its Northern Ireland operation when faced with a proxy battle.

Martin A. Coyle, TRW's executive vice president, general counsel and secretary, said the principles, which are designed to fight discrimination in employment of Catholics in Northern Ireland, are unworkable.

"We totally support equal opportunity but we could not legally support the MacBride Principles. We did not think they could be implemented," Mr. Coyle said to explain the sale of the plant several years ago. "It was a reason we did, in fact, sell that operation. (Trying to meet the MacBride Principles) was costing us a significant amount of money, and it was not that big of an operation."

TRW is not the only corporation that has been faced with a burgeoning number of social proxies in the past few years. This year, the IRRC estimates there should be about 180 social proxies on the ballot. Last year, there were 210 and in 1990, there were 170.

Ethically oriented investors like church groups regularly back resolutions to do with South Africa involvement, Northern Ireland operations, environmental issues, military issues, tobacco sales, affirmative action, political contributions, and more, every proxy season.

But corporations, and many institutional investors, argue burdening companies with such requirements creates an unconscionable drag on earnings.

Corporations, led by the American Society of Corporate Secretaries, are on the offensive, asking the Securities and Exchange Commission to tighten the shareholder proposal provisions of Rule 14a-8 of the Securities Exchange Act of 1934.

In an address to SEC commissioners in February, Donald Fried, a member of the ASCS, argued social proxies "may in fact overwhelm or subvert the entire proxy process." Mr. Fried is a partner at Hunton & Williams, a New York law firm.

"What is really at issue is the use of the corporate boardroom and the shareholder's meeting to further the goals of particular activist groups to get attention for their views. . . . These are public policy issues that should be settled in a political forum," he said.

In contrast, the Interfaith Center on Corporate Respon-

See **Social** *on page 19*

Non-U.S. proxy issues key on stock value

By Anne Schwimmer

Shareholders in companies around the globe are facing proxy issues that could have a large impact on the value of their stock.

In Japan, shareholder activists are fighting for higher dividend payouts, while in countries like Germany, Switzerland, France and Spain, boards terrified by the prospect of hostile takeovers quietly are trying to limit the amount of stock shareholders are allowed to vote.

In Australia and Canada, boards have proven reluctant this year to force through proposals where a sizable minority stands opposed to them.

"The items that appear on ballots outside the U.S. have proven to be far more important to the value of a stock than many items that appear on ballots here," said Stephen M. Davis, director of the Global Shareholder Service of the Investor Responsibility Research Center Inc., Washington.

"There are not as many high-profile proxy battles outside the United States, but there are more occasions when investors are called upon to vote items which can affect the value of their shares."

Annual meetings in Japan take place at the end of June, with voting proposals only going out to investors 14 days before the meetings. The big shareholder issue this year is dividend payouts, observers said. Japanese companies typically have a lower dividend payout ratio than do companies in other countries, but managements have preferred to keep earnings within the company in *tokkin* — or corporate investment — funds.

"There is a lot of criticism that Japanese companies keep dividends artificially low by world standards," Mr. Davis said.

"The real issue is that Japanese corporations have for years suppressed their earnings. They charge a lot of expenses to corporate reserves," explained Howard D. Sherman, senior vice president at Institutional Shareholder Services Inc., Washington. "It's this big gaping pot of accumulated earnings."

According to Mr. Davis, Japanese institutions have been very vocal on this issue. "There has been a lot of criticism of managements in the press, and in the financial community there are increasing threats among large Japanese institutions about just unloading stock where dividends are low," he said.

But the California Public Employees' Retirement System, which sided with investors seeking to boost Japanese companies' dividends last year, will not be doing so this year, said Jose Arau, the fund's principal investment officer-corporate relations.

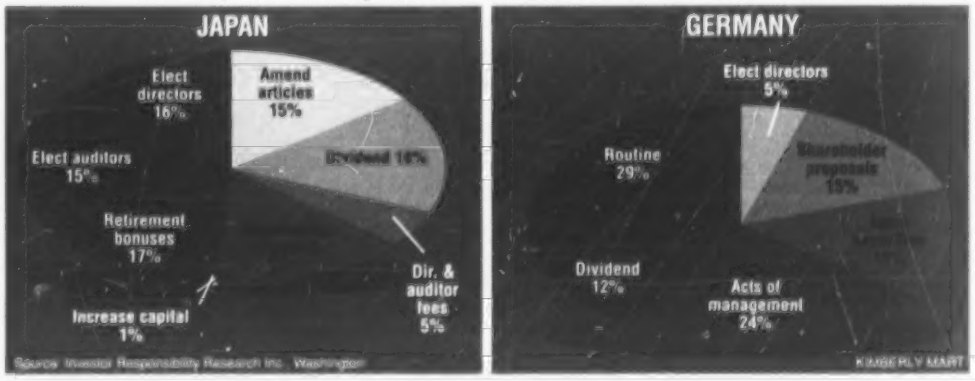
"Last year we kind of jumped the gun on that. We voted against some firms which had a dividend payment which was very low. This year we are rethinking that policy," Mr. Arau said. "It would be nicer if dividends were higher; however, that's up to the companies to decide."

According to Mr. Sherman of ISS, the payout issue is more likely to be resolved by the Japanese Ministry of Finance than by the companies themselves through the proxy process — if any action is taken at all. He said it would only take "a small gesture" on the ministry's part to change the situation and added that without such a gesture, any voluntary action by the companies is unlikely.

See **Global** *on page 18*

Proxy issues in Japan and Germany
(% of proposals submitted)

These statistics reflect the 1991 proxy seasons, the most recent data available for the countries, whose proxy seasons reach their zeniths in June. For 1992, experts predict dividend payouts will continue to be at issue in Japan, while voting limitations are expected to be a hot ticket in Germany.



Source: Investor Responsibility Research Inc., Washington

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Global

Continued from page 16

On the Continent, corporations are very concerned about the potential for hostile takeovers, with executives' worries heightened by the battle taking place now over Swiss-based Nestle S.A.'s bid for Exor S.A., the French maker of Perrier.

In Germany, voting limitations are a big shareholder issue. Many German companies have included in their bylaws provisions that place a ceiling on the amount of shares stockholders are allowed to vote. A similar situation exists in Switzerland.

"It's an anti-takeover precaution, to put it mildly," the IRRC's Mr. Davis said.

There have been more shareholder proposals seeking to remove those restrictions in Germany. More are promised during the upcoming proxy season, which starts in April but doesn't heat up until June.

Many U.S. stockholders never learn of these important proposals, according to Mr. Davis. He explained a number of such proposals are made as so-called counterproposals, many of which mysteriously vanish before they get to the U.S. investor. "It's entirely possible that a German company would assume, conveniently for themselves, that American investors wouldn't understand and would not be interested in counterproposals," said an observer. "Short of attaching myself by Velcro, I'm not going to know where they get lost."

Counterproposals vary in importance. In agenda for the meeting of Deutsche Bank AG, for example, every item has a counterproposal, and they range from dividend payout levels to loans to Eastern Europe and the sale of military equipment to Iraq.

The issue of restricting shareholder rights also is proving to be an important one in Spain. "We're seeing ballot after ballot with proposals by management to restrict shareholders rights," Mr. Davis said. He said Spanish companies are trying to conform to European Community standards, but while doing so are taking the opportunity to rewrite their bylaws to slip in proposals that would create non-voting shares.

A management proposal by Banco Santander, a Spanish bank, seeks to limit the amount of stock that a shareholder is allowed to vote to 10% of his or her holdings. "We're going to see quite a few of those," say Corinna Arnold, senior analyst at the IRRC's Global Shareholder Service.

Also putting shareholders at a disadvantage are routine requests by Swiss companies — and routine approval by shareholders — that shareholders absolve management for responsibility for all of their acts during the previous year, Mr. Davis said. He explained that while such proposals are routine in Germany and France, only in Switzerland have they been proven to have legal weight.

"If a shareholder votes for that, their giving away their right to sue management," he said.

Interestingly, proxy fights in both Canada and Australia have proven companies there to be responsive to minority stakeholders demands.

In Canada, management at Trizec Corp. Ltd. withdrew a proposal that would have diluted the voting rights of minority shareholders and rewrote another that would have offered executives discounted stock options. There was "no question of minority shareholders ever prevailing" because the Bronfman family controls 60% of the stock, Mr. Davis said, but changes were made in the face of strenuous objections by Canadian investment advisers.

Similarly, Australia's Westpac Banking Corp. withdrew a proposal to increase directors' compensation when faced with 25% opposition. "They didn't want to antagonize" that large a percentage of the company's shareholders, Mr. Davis said.

Meanwhile the European Community is struggling to confront shareholder rights issues, observers said. The EC has before it two proposals that would create a one-share/one-vote system, but approval has been delayed over a period of years because many Eu-

See **Global** *on page 19*

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Low yields, insurer woes take toll on GICs

Allocations slowly losing ground to other asset classes

By Fred Williams

Defined contribution plan allocations to GICs have dropped as much as 13 percentage points because of low yields and growing fears of insurers' financial and credit problems.

The shift is not a stampede, but rather a gradual trend, sparked by heightened concerns about insurance company credit quality and solvency and a soaring stock market that makes guaranteed investment contracts less attractive.

Some experts believe the trend could reverse itself if the equity market runs into trouble in months ahead.

Others believe insurance contracts never will regain the lost market share because employers have stepped up efforts to educate employees about long-term investment trends and retirement planning, which favor equities.

Consider the mounting evidence regarding GICs in 1991:

• *Pensions & Investments'* survey of the largest 200 pension for 1991 shows GICs declined as a percentage of defined contribution plan assets to 28.4% from 34.7% in 1990.

• A Greenwich Associates survey, due out soon, found GICs have dropped steadily as a portion of defined contribution plan assets to 30.7% in 1991, from 36% in 1988 and a peak of 39.4% in 1989.

• A Buck Consultants survey of its client base showed GICs declining as a portion of defined contribution plan assets to 50% in 1991 from 61% in 1988 and 63% in 1989.

• A 1991 Hewitt Associates study showed that while GICs remained the most popular option in 401(k) plans, the percentage of employee contributions declined to an average of 59% in 1991 from 64% in 1988.

• The International Foundation of Employee Benefit Plans found that 29% of companies with participant-directed defined contribution plans reduced, or intend to reduce, their holdings of GICs because of solvency concerns. Nearly one in 10 eliminated or intend to eliminate GICs as an investment option.

• A survey by A. Foster Higgins & Co., New York, found that during the fourth quarter, 33% of employers whose GIC contracts matured by the end of the quarter likely would not reinvest any of the assets in GICs.

More than one-fourth of employers who are reinvesting some or all of their maturing contracts are reinvesting in synthetic GICs, another 27% planned to reinvest assets into short-term funds, and 18% said they would reinvest in other options, including balanced funds and mutual funds.

Plan sponsors are doing whatever they can to cut their exposure to GICs, said Myra Drucker, staff vice-president and director-trust investments at International Paper Co., Purchase, N.Y.

Ms. Drucker made her comments at a recent meeting in New York sponsored by the GIC Association.

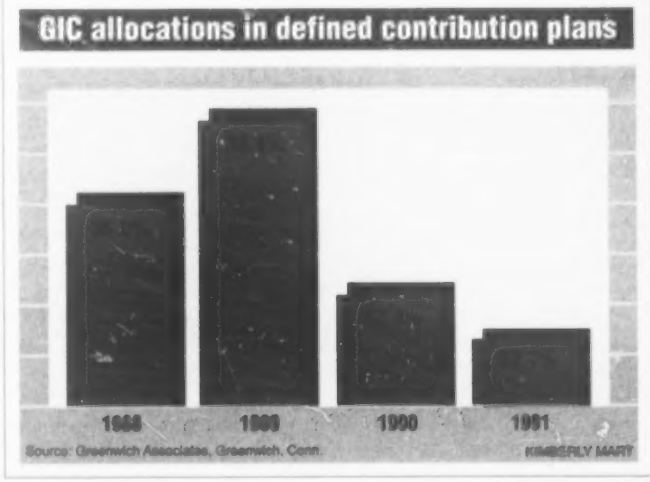
Of the pension funds holding $800 million in GICs from failed Executive Life Insurance Co. that have banded together to form the Group Annuity Participant Protection Association, "50% of our members have not bought a single GIC since the Executive Life situation began to unfold," Ms. Drucker said.

She said the insurance industry's lack of support in sponsors' efforts to resolve GIC issues arising from Executive Life had shaken pension executives' faith.

"We're out there groping in the dark, we're saying to the insurance industry, 'Where are you?' " Ms. Drucker said.

Said Brian Ternoey, principal in charge of Foster Higgins investment consulting services group, New York: "Many employers no longer perceive GICs to be the perfect investment vehicle, and so they are looking at alternatives.

"Quite a bit of money is still going to traditional GICs," said Mr. Ternoey. "However, the increase in alternative investments is quite dramatic, though still focused in 'stable' return alternatives."



While many industry sources claim that the assets taken from guaranteed investment contracts went largely into the equity market in 1991, the Greenwich and Hewitt data seem to indicate a gain in other fixed-income investments.

Defined contribution clients at The Vanguard Group Inc., Valley Forge, Pa., shifted their assets away from GICs at a minimal rate — two to six percentage points during 1991 — and mostly into equity and balanced funds, said Michael Odlum, director of GIC services. He noted some "anecdotal evidence" that exchanges out of GICs had increased in recent weeks.

According to the Greenwich data, bonds increased as a percentage of defined contribution assets to 11.9% in 1991 from 7.2% in 1988.

Hewitt data show fixed income increasing to 23% of 401(k) contributions in 1991 from 21% in 1988; short-term or money market instruments increased to 24% in 1991 from 19% in 1988.

Others see signs that employer efforts to educate participants on investing for retirement might be starting to work.

"Movement out of GICs is a long-term trend that executives managing pension benefits are stimulating by focusing employee participants on long-term retirement needs, which are better served by equities or a combination of equities and bonds," said Carson Powers, managing director of R.S. Carmichael & Co., a White Plains, N.Y., management consulting firm. A recent Carmichael survey of 150 plan sponsors, said Mr. Powers, demonstrates "a clear trend is under way away from GICs."

Jason Psome, principal at Brentwood Asset Advisors, a GIC consulting firm in Santa Monica, Calif., estimated up to 30% of guaranteed product placements in 1991 were non-GICs.

The shift, said Mr. Psome, "represents a combination of the rising equity market in 1991 and tanking yields for GICs, which was more the cause than the perceived problems in the insurance industry."

Mr. Psome vehemently denied the GIC market might be on the decline; instead, the market is evolving toward newer products such as separate account GICs, synthetics and GIC/bond funds, he said.

Foster Higgins' Mr. Ternoey said that while insurers' GIC business "certainly isn't growing," the insurance industry isn't giving up.

Most of the large insurance carriers and GIC issuers are lining up — along with banks, brokerage firms and investment organizations — to offer asset-backed GIC alternatives and synthetics. ■

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Global

Continued from page 19

the community view," she explained. "It's very hard to say when this will pass. (The resolutions) have been before the council for many years."

U.S. institutional investors are only starting to become more active in voting foreign shares. Only a limited group of U.S. institutions — including the California employees fund and GE Investments — are active in voting foreign shares.

"There are a lot of barriers to U.S. investors voting overseas. It's been a real struggle in order to get the information," said Judy Studer, senior vice president-equities at GE Investments.

Although pension funds and their money managers are required by the Labor Department to vote on proxy issues here in the United States, it is not yet clear that they are required to vote their foreign shares as well.

"The question about U.S. pension funds' and money managers' obligation to vote their non-U.S. shares has never been addressed, so most people in the industry are taking a cautious approach," said Mr. Sherman.

Also, getting annual meeting materials alone can prove quite difficult for U.S. investors.

Mr. Arau at the California employees fund says the fund intends to vote all of its Japanese shares this year, despite big hurdles to doing so.

"Foreign subcustodians are not diligent enough in mailing the proxy materials to us," he explained. "Also, what happens sometimes is that foreign regulations regarding disclosure are not too favorable to shareholders. Japan has only 14 days between the disclosure of the meeting and the meeting," he said, noting the material has to wind its way through the mail system, then be translated and, finally, read.

"It's not easy." ■

Additional firms profiled

The information contained in this addendum to the minority- and women-owned financial firms directory was obtained from questionnaires sent to the firms.

Unless otherwise noted, firms profiled are at least 51% owned by minorities or women.

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Conus & Nicholson Inc.
800 W. 47th St., Suite 101, Kansas City, Mo. 64112; (816) 931-5757

Conus & Nicholson Inc., founded in 1988, offers investment management.

It has $83 million under management in fixed-income and balanced accounts. The equity strategy is active, taking a top-down approach with a value emphasis.

The fixed-income strategy is active and top down, using interest-rate anticipation. The firm forecasts interest rate trends by analyzing monetary policy as reflected by the Federal Reserve balance sheet, U.S. government fiscal policy, the volume of new debt issues and the underlying inflation rate. Government-guaranteed securities and corporate issues rated A or better are used primarily.

The firm is 50% owned by a woman.

Key professionals at the firm, and their years of experience, are Ronald L. Conus, chairman, 19 years, and Jennifer D. Nicholson, president and managing director, 10 years.

Draper/Computime Asset Management
34 Deer Path, Quogue, N.Y. 11959; (516) 653-9156

Draper/Computime Asset Management, founded in 1991, offers investment management.

It has $80 million under management in equity accounts. The firm uses an active, market-timing approach using S&P 500 stocks, T-bills and index futures based on flow-of-funds analysis.

Key professionals at the firm, and their years of experience, are James F. Draper, chairman, 35 years, and David M. Levin, president, 35 years.

Garner Asset Management
111 Center St., Suite 2110, Little Rock, Ark. 72201; (501) 688-2550

Garner Asset Management Corp., founded in 1991, offers investment management.

It has $180 million under management in fixed-income accounts, employing a fundamental credit analysis approach.

The firm's investment process is implemented through intensive in-house credit and risk/return analysis. Individual security selection and relative value analysis are the key aspects.

The firm is affiliated with Analytics Inc.

Key professionals at the firm, and their years of experience, are Rebecca H. Garner, chief investment officer; Carl E. Pellegrini, director of economic and technical analysis, 25 years; and Glenn E. Atkins, director of research, 5 years.

Hamilton Lane Advisors
401 City Line Ave., Suite 400, Bala Cynwyd, Pa. 19004; (215) 660-5039

Hamilton Lane Advisors, founded in 1991, offers alternative investment consulting and advisory services.

The firm assists plan sponsors in developing, implementing and monitoring alternative investment programs. The firm's principals have more than 40 years of hands-on experience in merchant and commercial banking, private placements, institutional investment, financial and operational management.

Key professionals at the firm, and their years of experience, are Leslie A. Brun, principal, 17 years; Kelly A. Moylan, principal, 11 years; John W. Brown, principal, 18 years; and Marcia S. Kennedy, vice president, 12 years.

Howard and McInnes Inc.
248 E. Capitol St., Suite 820, Jackson, Miss. 39201; (601) 948-0952

Howard and McInnes Inc., founded in 1989, offers investment management.

It has $2 million under management in equity accounts, using a bottom-up, low p/e, value-oriented strategy. In its contrarian approach, the firm seeks temporarily out-of-favor, undervalued situations that possess superior total return potential.

Key professionals at the firm, and their years of experience, are Judith B. Howard, president, 15 years, and Robert W. McInnes, chairman, 33 years.

IBEX Institutional Advisors
2720 Coral Way, Miami, Fla. 33145 (305) 447-8697

IBEX Institutional Advisors, founded in 1990, offers real estate advisory and management services.

It has $120 million under management in real estate accounts.

The firm uses a counter-cyclical investment approach in the acquisition of high-quality, temporarily undervalued properties. Increased capital appreciation is emphasized by enhancing the value of underperforming assets through an aggressive acquisition and management strategy in fundamentally strong markets that are exhibiting a supply-demand imbalance.

Key professionals at the firm, and their years of experience, are Jose F. Rosado, chief executive officer, 19 years; Debbe Bruckner, chief operating officer, 19 years; Elmer Tague, chief financial officer, 34 years.

The Joseph Group
644 Forest Road, Glenview, Ill. 60025; (708) 729-8980

The Joseph Group Ltd., founded in 1989, offers investment management.

It has $20 million under management in equity accounts following an active, top-down approach with an emphasis on growth and value. The firm balances capital preservation and growth in order to outperform the S&P 500 over a full market cycle with less risk.

The key professional at the firm is Diana J. Joseph, portfolio manager, with 13 years of experience.

Lakefront Capital Investors
4000 Chester Ave., Cleveland, Ohio 44103; (216) 391-7900

Lakefront Capital Investors Inc., founded in 1991, offers equity investment management using a bottom-up, value approach.

The firm's affiliation with Roulston & Co. provides it with access to Roulston's research and back-office capabilities. The firm also consults with Roulston's investment professionals.

The key professional at the firm is Nathaniel Carter, president and chief investment officer, with 9 years of experience.

New Amsterdam Partners
475 Park Ave., New York, N.Y. 10016; (212) 689-1500

New Amsterdam Partners L.P., founded in 1986, offers investment management.

It has $150 million under management in equity accounts using a bottom-up, value approach to domestic stock investing.

The firm screens a universe of 6,500 companies to find those with complete accounting and price data, adequate trading liquidity and five-year analysts' estimates. The top 100 stocks based on expected returns are chosen, making sure there is representation from each economic sector. Portfolios hold between 35 and 40 stocks.

Key professionals at the firm, and their years of experience, are Michelle Clayman, chief investment officer, 15 years; Keith Graham, director of operations, 12 years; Abigail Laufer, director of marketing, 11 years; and Robert Thomas, portfolio manager, 24 years.

PCS Securities Inc.
1809 Seventh Ave., Suite 1710, Seattle, Wash. 98101; (206) 224-9848

PCS Securities Inc., founded in 1987, offers securities brokerage.

The firm offers third-party, soft-dollar brokerage services and research. It has capabilities in equity, fixed-income, options and international securities trading.

Key professionals at the firm, and their years of experience, are Susanne Pruitt, president, 10 years; Randy Hill, director, 23 years; Bob Potrella, vice president-marketing, 8 years; Edward Goodman, research sales, 4 years; and Alison Wathne, research sales, 7 years.

Pena Investment Advisors
1200 17th St., Suite 1250, Denver, Colo. 80202; (303) 572-6888

Pena Investment Advisors Inc., founded in 1991, offers equity investment management.

The firm offers small-cap growth and value products. Both approaches combine quantitative and qualitative analysis, using computerized screens to reduce the universe of stocks.

Key professionals at the firm, and their years of experience, are Federico Pena, chief executive officer and president; Jose Santillan, portfolio managers, 12 years; Larry Valencia, portfolio manager, 13 years; and Mike Barela, senior vice president-marketing, 9 years.

Prime Asset Management
40 W. 57th St., 15th Floor, New York, N.Y. 10019; (212) 315-4200

Prime Asset Management Corp., founded in 1988, offers investment management.

It has $500 million under management in equity, fixed-income, TAA and market-neutral accounts. Passive, active and enhanced index fund management are offered for both equities and fixed income. Its equity approach focuses growth and value. Its fixed-income approach uses interest rate anticipation. The investment approach is quantitatively based.

Key professionals at the firm, and their years of experience, are Pamela Clement, chairman, 17 years; Robert Groden, president, 26 years; and Abraham Branchtein, managing director, 30 years.

RCB Trust Discovery-I
29 Federal St., Stamford, Conn. 06901; (203) 977-7000

RCB Trust Discovery-I, founded in 1991, offers investment management.

The trust, a commingled equity fund using three women- or minority-owned investment management firms, has $33 million under management. The fund is offered by RCB Trust Co., a manager of managers.

Key professionals at the firm, and their years of experience, are William H. Clarkin, vice president-investments, 12 years; Elizabeth A. Knope, vice president-investments, 18 years; William L. Green, executive vice president-investments, 16 years; and Robert D. Furnari, investment analyst, 8 years.

Robert Van Securities
1980 Mountain Blvd., Suite 214, Oakland, Calif. 94611; (510) 339-7400

Robert Van Securities, founded in 1991, offers securities brokerage.

The firm has expertise in U.S. government and agency securities, foreign equities and domestic small-cap equities.

Key professionals at the firm, and their years of experience, are R. Neil Cheatham, chairman, 9 years, and Eric Van Standifer, chief executive officer, 10 years.

Rosenblum-Silverman-Sutton
1388 Sutter St., Suite 725, San Francisco, Calif. 94109; (415) 771-4500

Rosenblum-Silverman-Sutton, founded in 1975, offers investment management.

It has $182 million under management in equity and balanced accounts. The equity strategy is domestic growth using a top-down approach. The fixed-income strategy is passive.

The firm focuses on high-capitalization stocks and quality bonds, with in-house research used to determine timing and allocation decisions.

Key professionals at the firm, and their years of experience, are Barbara G. Rosenblum, portfolio manager, 30 years; Phyllis R. Sutton, portfolio manager, 30 years; Vera L. Silverman, 30 years; Mary Raymond, director of research, 15 years; Suzanne Griffith, portfolio administration and trader, 15 years; and Paula Helm, portfolio administration and trader, 5 years.

Seneca Capital Inc.
299 Madison Ave., Morristown, N.J. 07962; (201) 285-7500

Seneca Capital Inc., founded in 1992, offers investment management.

It has $1 billion under management, in equity and cash accounts. The domestic equity strategy is value-oriented, using a bottom-up approach. The firm combines the long-term performance benefits of value with a pragmatic view of short-term earnings prospects. The portfolios have low price-earnings ratios on long-term projections and positive short-term earnings momentum.

The firm is affiliated with First Quadrant Corp.

Key professionals at the firm, and their years of experience, are Susan E. Saltus, president, 15 years; Sandi H. Sweeney, managing director, 11 years; Claudia K. Tiger, managing director, 18 years; Jeanette M. Carey, vice president, 11 years; Maria McNiece, corporate secretary, 13 years; Cathy Y. Duffany, associate, 4 years; and Patrick J. Tuohy, vice president, 9 years.

The Taggart Co. Ltd.
9720 Wilshire Blvd., Beverly Hills, Calif. 90212; (310) 205-0107

The Taggart Co. Ltd., founded in 1981, offers securities and futures brokerage.

The firm clears international equities and fixed income through Bertrand Michel Securities Inc., a member of Credit Agricole Group, and Kim Eng Securities (Pacific Basin); domestic equities and fixed income through Prudential Bache Capital Institutional Services Inc.; and cash currencies and futures through Refco Inc.

Key professionals at the firm, and their years of experience, are Sondra Taggart, registered principal and president, 12 years, and Ellen Barney, registered principal, 6 years.

Tanaka Capital Management
230 Park Ave., Suite 1432, New York, N.Y. 10169 (212) 490-3380

Tanaka Capital Management Inc., founded in 1986, offers investment management.

It has $89 million under management in equity accounts, following an active, bottom-up approach that emphasizes growth and emerging growth stocks. The firm is a research-intensive, long-term investor that seeks superior earnings growth companies.

Key professionals at the firm, and their years of experience, are Graham Y. Tanaka, president, 18 years; Robert L. Grant, senior research analyst, 20 years; and Allison W. Marshall, marketing/client services, 12 years.

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